

Strategic Planning: Work for the Full Board or a Committee?

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IN LIGHT OF THE growing pressure on boards for greater accountability, many boards want a bigger hand in making major strategic decisions. But three things challenge them:

- Lack of time for the full board to be engaged
- The perception that trustees have insufficient knowledge about the healthcare business and local market to make a valuable contribution
- The difficulty of distinguishing “strategic” versus “operational” issues

Consequently, almost half of boards across the country (44 percent according to results from *Raising the Bar*, The Governance Institute’s 2005 Biennial Survey of Hospitals & Healthcare Systems) have opted to charge a committee with developing a strategic plan for the full board’s approval. Boards have the legal right to delegate this authority to a committee. In fact, many would argue that using a committee for this purpose is comparable to using a finance committee to review the annual budget and capital plan on behalf of the full board.

However, it may be time to revisit the assumption that a standing strategic planning committee (SPC) is the best method for engaging the board in strategy. While some boards may find an SPC useful, there can be a “dark side” to relying on a committee to do the board’s strategy work. All too often, it is *only* the members of the SPC who fully understand the strategic challenges and opportunities facing the organization over the next five to ten years. The rest of the board members may not have been included in the educational sessions on national healthcare trends, in-depth conversations about current and potential competitors, and discussions of alternative strategies for the organization’s future.

For example, a board member recently confided that because she had not served on the SPC, she did not feel confident that she could fully explain to the broader community the rationale for the new strategic plan that she and her colleagues had approved. She was concerned that she might not be adequately fulfilling her fiduciary duty to make wise decisions about community resources.

At its very core, a board’s fiduciary duty of oversight includes establishing the mission, core values, and vision for the organization



and then approving goals and objectives to ensure that the mission is accomplished. The board’s legal responsibilities also include the duties of obedience and loyalty to that mission, and the duty of care—having knowledge of all reasonably available and pertinent information before taking action.

It follows that the full board—not just a subset of its members—should be actively engaged in the strategic planning process that determines the mission, vision, and strategic goals based on a thorough understanding of internal and external environmental trends. That does not mean that all board members must sit through dozens of meetings. Many boards create an *ad hoc* task force of board members, administration, and physician leaders to help guide the process and ensure appropriate involvement. The task force ensures that the full board:

- Debates and approves the mission and core values
- Attends educational sessions about national, regional, and local healthcare trends
- Understands internal performance data, external competitive threats, and community health needs
- “Frames” the critical issues to be addressed in the strategic plan
- Helps develop the longer-term vision and shorter-term goals
- Allocates resources to ensure achievement of the strategic plan
- Ensures that accountability for results is clear and implementation is monitored

Additional task forces can also explore strategies for hot topics such as physician joint ventures, geographical expansion, and wellness initiatives. These content-specific task forces may operate as part of the formal strategic planning process, or on an as-needed basis. The full board should then devote a portion of its meetings to discussion of the strategic issues researched by the task forces.

Since one of the board’s most profound responsibilities is to set strategic direction, it seems contradictory to delegate that role to one small group. After all, this is the job that the community expects to be done by all (not just some) of the board members to whom they have entrusted the community’s healthcare assets.